

### **31A-27a-501 Turnover of assets.**

- (1)
  - (a) If the receiver determines that funds or property in the possession of another person are rightfully the property of the estate, the receiver shall deliver to the person a written demand for immediate delivery of the funds or property:
    - (i) referencing this section by number;
    - (ii) referencing the court and docket number of the receivership action; and
    - (iii) notifying the person that any claim of right to the funds or property by the person shall be presented to the receivership court within 20 days of the day on which the person receives the written demand.
  - (b)
    - (i) A person who holds funds or other property belonging to an entity subject to an order of receivership under this chapter shall deliver the funds or other property to the receiver on demand.
    - (ii) If the person described in Subsection (1)(b)(i) alleges a right to retain the funds or other property, the person shall:
      - (A) file a pleading with the receivership court setting out that right within 20 days of the day on which the person receives the demand that the funds or property be delivered to the receiver; and
      - (B) serve a copy of the pleading on the receiver.
    - (iii) The pleading described in Subsection (1)(b)(ii) shall inform the receivership court as to:
      - (A) the nature of the claim to the funds or property;
      - (B) the alleged value of the property or amount of funds held; and
      - (C) what action has been taken by the person to preserve any funds or to preserve and protect the property pending determination of the dispute.
  - (c) The relinquishment of possession of funds or property by a person who receives a demand pursuant to this section is not a waiver of a right to make a claim in the receivership.
- (2)
  - (a) If requested by the receiver, the receivership court shall hold a hearing to determine where and under what conditions the funds or property shall be held by a person described in Subsection (1) pending determination of a dispute concerning the funds or property.
  - (b) The receivership court may impose the conditions the receivership court considers necessary or appropriate for the preservation of the funds or property until the receivership court can determine the validity of the person's claim to the funds or property.
  - (c) If funds or property are allowed to remain in the possession of the person after demand made by the receiver, that person is strictly liable to the estate for any waste, loss, or damage to or diminution of value of the funds or property retained.
- (3) If a person files a pleading alleging a right to retain funds or property as provided in Subsection (1), the receivership court shall hold a subsequent hearing to determine the entitlement of the person to the funds or property claimed by the receiver.
- (4) If a person fails to deliver the funds or property or to file the pleading described by Subsection (1) within the 20-day period, the receivership court may issue a summary order:
  - (a) upon:
    - (i) petition of the receiver; and
    - (ii) a copy of the petition being served by the petitioner to that person;
  - (b) directing the immediate delivery of the funds or property to the receiver; and
  - (c) finding that the person waived all claims of right to the funds or property.

- (5) The liquidator shall reduce the assets to a degree of liquidity that is consistent with the effective execution of the liquidation.

Enacted by Chapter 309, 2007 General Session